

PUBLIC DISCLOSURE

JANUARY 14, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**STATE STREET BANK AND TRUST
CERT # 014**

**STATE STREET FINANCIAL CENTER
ONE LINCOLN STREET
BOSTON, MA 02111**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
--------------	--

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **STATE STREET BANK AND TRUST COMPANY (“State Street” or the “Bank”)** prepared by the Division, the institution's supervisory agency as of **January 14, 2013**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated “Outstanding.”

State Street's performance was evaluated using the *Community Reinvestment Act Examination Procedures for Limited Purpose and Wholesale Institutions* as issued by the Federal Financial Institutions Examinations Council. These procedures assess the Bank's efforts in meeting local community development needs through its participation in qualified investments and community development services.

State Street's performance under the community development test is considered excellent and highly responsive to community needs. The Bank made investments, grants, and contributions to a variety of community organizations whose primary purpose is to serve the needs of low- and moderate-income individuals or promote economic development within low- and moderate-income neighborhoods. Some of the investments were considered innovative. The Bank is also a leader in providing community development services to various organizations engaged in community development by providing technical assistance and financial expertise.

PERFORMANCE CONTEXT

Description of Institution

State Street is a wholly owned subsidiary of State Street Corporation (SSC), a financial holding company and a leading provider of services to institutional investors both domestically and globally. SSC is functionally organized along three primary business lines: State Street Global Advisors, State Street Global Markets and State Street Global Services. State Street Global Advisors conducts asset management while capital markets activities are conducted through State Street Global Markets. State Street Global Services acts as the investor services business for SSC providing asset owners and managers with a wide range of support. The vast majority of SSC's operations are conducted through State Street and its other subsidiaries. Since State Street's primary business is providing a range of services to investors, the institution has been designated a wholesale institution¹ for CRA purposes.

As of December 31, 2012, SSC had total assets of \$222.6 billion and total assets under custody of \$24.4 trillion placing it as one of the largest providers of financial services to institutional investors in world market share. Of the total assets of SSC, approximately \$127.8 billion of liabilities and equity are available for investing in asset types, including investment securities and loans from which CRA related activities would be derived.

State Street conducts minimal lending activities. As of December 31, 2012, total net loans and leases represented approximately 6% percent of total assets. Lending is primarily comprised of consumer (excluding home mortgages) and commercial and industrial loans. Due to the structure of resources of the institution, community development lending is minimal.

In 2004, State Street opened its financial center located at One Lincoln Street in Boston and does not operate any retail branches. Any retail activity in which it does engage is ancillary to its primary business of providing fiduciary and asset management services. Since the Bank does not routinely originate loans or accept deposits from the general public, it does not compete with other financial institutions in the area with respect to retail services. However, with approximately 193 banks operating in Massachusetts², the Bank is subject to intense competition for community development activities in its assessment area and statewide. There does not appear to be any legal, financial, or other factors impeding the Bank's ability to meet the needs of its assessment area.

State Street was assigned an "Outstanding" CRA rating as a result of the Division's previous examination conducted as of January 18, 2011.

Description of Assessment Area

State Street's assessment area consists of Boston and Quincy, all of which are located in the Boston-Quincy Metropolitan Division (MD). This MD is comprised of the Norfolk and Suffolk Counties. According to the 2000 U.S. Census data, the assessment area contains 174 Census tracts, of which 1 reported no income. The remaining 173 census tracts are distributed as follows: 35 (20.3 percent) low-income, 67 (38.7 percent) moderate-income, 53 (30.6 percent) middle-income, 18 (10.4 percent) upper-income. The assessment area population is based on 2000 census data. The following table displays selected housing characteristics of the assessment area based on geographical income categories and certain demographic information to assist in identifying community development needs within the assessment area.

¹A wholesale bank is an institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers. State Street meets CRA obligations through the provision of qualified community development investments and services

²FDIC Summary of Deposits: Summary: Tables Report as of June 30, 2012

Housing Characteristics by Income Category of Geography									
Geographic Income Category	Percentage						Median		
	Census Tracts	House-holds	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value	Gross Rent
Low	20.3	33.0	15.0	6.8	18.8	21.0	50	178,449	493
Moderate	38.7	17.4	38.9	32.7	42.5	35.0	61	179,469	806
Middle	30.6	17.8	33.0	45.2	27.2	25.4	61	200,203	850
Upper	10.4	31.8	13.1	15.3	11.5	18.6	61	333,708	1,142
Total / Median	100.0	100.0	100.0	100.0	100.0	100.0	61	202,602	804

Source: 2000 U.S. Census

The two cities comprising the institution's assessment area have a combined population of 677,166, which represents approximately 37 percent of the Boston-Cambridge-Quincy MA-NH Metropolitan Statistical Area (MSA).

Median family income figures are used to measure the percent of families across the four income categories of low-, moderate-, middle-, and upper-income. Family income is compared to the median income levels of either the metropolitan or non-metropolitan area under review. The categories are defined as follows: low-income is less than 50% of median; moderate-income is 50% less than 80% of median; middle-income is 80% to less than 120% of median; and upper-income is 120% or more of median income. The 2011 HUD estimated median family income (MFI) for the Boston-Quincy MSA/MD was \$87,600, while the MFI for Massachusetts was \$86,748.

The housing available to families in the assessment area is primarily rental housing. Of the total 292,028 units in the assessment area, 62.4 percent are rental units, 33.0 percent are owner-occupied, and 4.6 percent are vacant units.

Based on the 2000 Census data, much of the area's housing stock was built prior to 1950. Within the Bank's assessment area, the median housing value was \$224,641, which is less than the Boston-Quincy MD value of \$237,377.

Numerous businesses operate throughout the area, and are comparatively distributed throughout the Census tracts. The highest proportion of these business establishments are engaged in the service industry. Businesses involved in retail trade and construction also make up a significant share of establishments. Approximately, 83.5 percent of the businesses have revenues under \$1 million.

Change in Demographics-2010 Census Information

In 2012, the US Census Bureau released its revised demographics based upon 2010 census data. While the Bank's defined assessment area did not change, the demographics that comprise its make-up did experience change.

According to the 2010 U.S. Census data, the assessment area contains 200 Census tracts, of which 11 reported no income. The remaining 189 census tracts are distributed as follows: 50 (25.0 percent) low-income, 51 (25.5 percent) moderate-income, 50 (25.0 percent) middle-income, 38 (19.0 percent) upper-income. The following table displays selected housing characteristics of the assessment area based on geographical income categories and certain demographic information to assist in identifying community development needs within the assessment area.

Housing Characteristics by Income Category of Geography									
Geographic Income Category	Percentage						Median		
	Census Tracts	House-holds	Housing Units	Owner-Occupied	Renter Occupied	Vacant Units	Age	Home Value	Gross Rent
Low	25.0	21.7	21.8	11.6	27.6	22.7	38	344,179	851
Moderate	25.5	28.3	28.6	25.2	30.2	31.8	49	349,767	1191
Middle	25.0	30.1	29.7	36.6	26.2	25.7	45	411,931	1289
Upper	19.0	19.9	19.9	26.6	16.0	19.8	42	566,275	1528
NA	5.5	0.0	0.0	0.0	0.0	0.0	51	422,363	0
Total / Median	100.0	100.0	100.0	100.0	100.0	100.0	44	410,068	1177

Source: 2010 U.S. Census

The housing available to families in the assessment area is primarily rental housing. Of the total 313,734 units in the assessment area, 57.5 percent are rental units, 33.8 percent are owner-occupied, and 8.7 percent are vacant units.

Numerous businesses operate throughout the area, and are comparatively distributed throughout the Census tracts. The highest proportion of these business establishments are engaged in the service industry. Businesses involved in retail trade and construction also make up a significant share of establishments. Approximately, 67.3 percent of the businesses have revenues under \$1 million.

Community Contacts

As part of the CRA examination process, community contacts are conducted in order to determine what community development or credit opportunities are available in the assessment area, and to verify that institutions are meeting the credit needs of the community. Information was obtained from a regional wholesale financial institution serving the six New England states that provides liquidity to member financial institutions for home mortgage loans, small business, and economic development lending. The contact provides several programs to member institutions that promote community development.

The most competitive program addresses affordable-housing needs primarily in communities across New England. A portion of the contact's net earnings funds the program, which awards grants and low-interest advances, or loans, through member institutions. The program encourages local planning of affordable-housing initiatives. The contact's member institutions work with local housing organizations to apply for funds to support initiatives that serve very low-to moderate-income households in their communities.

The second most competitive program offers grants to provide households with incomes at or below 80 percent of the area median income with down-payment, closing-cost, home-buyer counseling, and rehabilitation assistance. Grants can also be used to match eligible buyers' savings. The program is funded by a percentage of the contact's annual affordable housing program subsidy.

The contact spoke positively of the involvement of certain financial institutions and also expressed a need for additional affordable housing and small business capital for job creation. The contact also addressed the struggle of non-profit community development organizations for funding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Scope of the Analysis

The examination evaluated State Street's community development activities between January 18, 2011 and January 14, 2013. The scope included qualified investments made during the review period and those made since the previous evaluation period that are still outstanding. Grants and community development services within the Bank's assessment area were also considered.

QUALIFIED INVESTMENTS

As defined under CRA regulation, a qualified investment is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. In recognition of legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination.

During the examination period, State Street demonstrated a high level of investments in affordable housing programs, economic development programs and organizations that meet a range of community development needs, particularly for the low- or moderate- income residents of its assessment area. The Bank's qualified new investments totaled approximately \$47.5 million for the examination period. This total includes new equity investments in affordable housing, small businesses, and community development grants. Retained investments from prior commitments totaled \$64.7 million. Advances made towards new and prior commitments during this review period totaled approximately \$22.4 million. Detailed below are the qualified investments provided by the institution.

Affordable Housing

Massachusetts Housing Equity Fund (MHEF)

The Massachusetts Housing Investment Corporation (MHIC) is a non-profit corporation created in 1900 by institutions in Massachusetts to help expand the financing of affordable housing in low- or moderate-income communities throughout the state. Part of the project financing is derived from the sale of limited partnership interests in projects eligible for low-income housing tax credits. The equity investments are made through the MHEF, Inc., a subsidiary of MHIC. MHEF is the general partner and individual financial institutions in Massachusetts serve as limited partners. Each limited partner purchases investment units in the partnership and enters into an installment agreement obligating the limited partner to pay the unit commitment to the partnership, usually over an eight-year period. In return, the partnership invests the funds in various low-income housing improvement projects to derive tax benefits for the partners.

During the review period, State Street made \$10,414,535 in advances toward prior commitments. The Bank's new commitments during this period total \$24,000,000, making \$7,327,692 in advances towards those new commitments. Combined, the Bank's total advances made during the review period total \$17,742,227. The book value of partially funded MHEF projects totaled \$37,349,858 while the book value of fully funded commitments totaled \$16,846,675 as of December 31, 2012. Refer to the following table for details on MHEF activity.

Partnership Fund	# of Units Purchased/ % share of Fund	Original Commitment \$	Current Advances \$	Total Advances \$	Remaining Balance \$	Book Value \$
MHEF X	6.0/11.9	6,000,000	0	6,000,000	0	2,175,972
MHEF XI	4.0/ 20.0	4,000,000	0	3,920,000	80,000	1,763,444
MHEF XII	6.0/ 26.09	6,000,000	0	5,000,000	1,000,000	3,071,802
MHEF XIII	9.0/ 20.3	9,000,000	0	9,000,000	0	5,559,496
MHEF XIV	6.0/ 24.5	6,000,000	0	6,000,000	0	4,048,779
MHEF XVI	6.0/ 50.0	6,000,000	234,000	6,000,000	0	4,516,134
MHEF XVII	10.3/ 48.1	12,000,000	10,014,568	11,374,351	625,649	8,550,883
MHEF XVIII*	12.0/40.0	12,000,000	5,680,000	5,680,000	6,320,000	10,900,193
MHEF XIX*	12.0/27.27	12,000,000	1,647,692	1,647,692	10,352,308	11,543,243
MHIC New Markets Fund II	2.6/ 9.4	2,600,000	0	2,600,000	0	107,528
MHIC New Markets Fund III	3.0/ 5.9	3,000,000	0	3,000,000	0	438,766
MHIC New Markets Fund IV	3.0/ 10.0	3,000,000	165,967	2,919,202	80,798	1,520,293
Totals		81,600,000	17,742,227	63,141,245	18,458,755	54,196,533

*New Commitments

Through participation in these funds, the Bank has specified that investments be limited to partnerships whose investments will be targeted to the Boston Metropolitan area. There are, however, circumstances whereby State Street participates in projects that are located outside its assessment area. All of the projects located outside the Bank's assessment area are either in the Boston-Quincy MD or in the Commonwealth of Massachusetts. As stated in the CRA regulations, a wholesale institution may consider community development activities wherever they are located, as long as the institution has otherwise adequately addressed the needs within its assessment area. As State Street has adequately addressed local needs, all projects are included in this analysis.

The following table reflects the limited partnership projects identified for each partnership year and the number of affordable housing units anticipated for each project. As shown below, 95.0 percent of the total units are considered affordable. Of the total affordable units, approximately 33 percent are inside the Bank's assessment area.

Name of Fund	Total Units	# of Units Affordable		
		#	Inside	Outside
MHEF X	780	737	175	562
MHEF XI	193	186	154	32
MHEF XII	160	160	117	43
MHEF XIII	819	795	0	795
MHEF XIV	210	204	143	61
MHEF XVI	94	94	38	56
MHEF XVII	253	193	61	132
MHEF XVIII*	315	307	106	201
MHEF XIX*	410	396	285	111
TOTAL	3234	3,072	1,079	1,993
		95.0%	33.4%	61.6%

MHIC New Markets Tax Credit (NMTC) Fund

State Street is the largest investor in MHIC's four NMTC Fund. The Bank's investment played a major role in enabling thirty-seven investments, across the four rounds of funding. During the review period, the Bank's \$4,000,000 commitment to MHIC's second round of funding in 2006 has closed fourteen investments, one of which was during this examination period. As well, the Bank's \$3,000,000 commitment to MHIC's fourth round of funding has closed six investments, three during this examination period. MHIC's NMTC Fund has the following objectives:

- Approximately 45% will be targeted to a variety of office, retail, mixed use, warehouse and light industrial space;
- Approximately 25% will be targeted to service and community centers to address neighborhood needs such as health, education, employment training, recreation and after-school and youth development programs;
- Approximately 20% will be targeted to theaters and cultural facilities. In addition to performance and exhibition spaces, several projects also will have arts-related office space and restaurant/café space.
- Approximately 10% will be targeted to mixed use projects with retail/commercial space and residential apartments.

These properties aim to improve the level and availability of consumer choices and services, pay taxes, serve as attraction for growth in the host communities and generate construction jobs and create or retain permanent jobs through the expansion of existing businesses and the development of new businesses. The projects are located in Massachusetts in low-income communities with unemployment rates 1.5 times the U.S. average or greater.

Retained Affordable Housing Investments

The following investments, which are still outstanding, were considered at the last examination:

MHIC, LLC

This was originally a loan pool established by MHIC in 1990 to fund loans in accordance with MHIC's Loan Policy. Under MHIC's written Loan Policy, projects will be eligible to receive loan pool financing if they meet at least one of the following criteria:

1. At least 20% of the units in the property are affordable to low-income households; or
2. The property is located in a target investment area; or
3. The property serves demonstrable unmet housing need that would not be expected to otherwise be met.

In 2001, this loan pool was converted into a limited liability company structure which gives more flexibility to keep pace with evolving conditions, markets, opportunities and challenges. As of January 14, 2013, State Street's \$4,850,000 investment represented 17.3% of the total LLC capital, which was \$28,000,000. Since the last examination, two investors redeemed their ownership interest totaling \$1,750,000.

Limited Partnerships

State Street has fully funded some of its equity investments in which the institution still carries these funded commitments on its books. As of December 31, 2012, the book value of these investments totaled \$11,652,535.

Economic Development/Small Business Investments

Small Business Investment Companies (SBIC)

During the examination period, the Bank invested \$7,000,000 in four separate SBICs. The SBICs provide financing to businesses in need of growth capital and to women-owned and managed businesses. These funds have a geographic focus that targets companies throughout the Northeast and New England. A total of \$1,299,306 has been advanced on new commitments during the review period. The following list details the Bank's SBIC investments:

1. BCA Mezzanine Fund II: State Street invested \$2,000,000 in this Providence headquartered SBIC which invests in companies in the smaller end of the underserved middle-market. . As of January 2013, total capital funded equaled \$666,133. .
2. Brookside Mezzanine Fund III : State Street invested \$2,000,000 in this Connecticut based SBIC. This Fund's strategy target sectors include niche manufacturing, distribution, healthcare products and services, business services, and consumer products. This fund had a dry closing in December 2012 and expects to have its first capital call in the first quarter of 2013.
3. Seacoast Capital Partners III: State Street invested \$2,000,000 in this Danvers based SBIC. One of the Fund's primary objectives is to create strong community development outcomes in terms of significant job creation. As of January 2013, total capital funded equaled \$468,173
4. SJF Ventures III: State Street has previous holdings with this SBIC based in Durham, North Carolina that provides support for the growth of small businesses. As of January 2013, total capital funded equaled \$165,000.

Retained Economic Development/Small Business Investments

The following investments were considered at the last examination but are still outstanding during the current review period.

SBIC- State Street retains an equity interest in 20 other SBICs from previous examination periods with a total book value of \$21,300,122. As of this examination, the Bank advanced a total of \$3,347,028 toward the various SBICs. The following is a sample of those investments.

Edison Ventures Fund VII- State Street committed \$2,000,000 in this New Jersey based SBIC that opened an office in Needham, Massachusetts in 2009. During the review period, the Bank advanced \$560,000 bringing the total capital contributed to \$760,000.

Ascent Venture Partners- State Street committed \$1,250,000 to this Boston based investor that is committed to investing in early stage emerging technology companies. During the review period, the Bank advanced \$100,000. As of January 2013, the Bank has advanced \$1,151,614.

Boston Community Venture Fund- State Street has fully funded their commitment of \$350,000 to this fund that specializes in making equity investments in inner-city growth oriented small businesses. The current book value for this investment is \$318,024.

Boston Community Loan Fund (BCLF)- State Street continues to be an "equity equivalent" investor in Boston Community Capital's BCLF for \$3,150,000. The fund allows community development investors such as State Street to essentially own "stock" in a non-profit organization, gain a fixed annual return, and provide the organization with valuable "permanent" capital. BCLF provides loans to nonprofit organizations, community development corporations (CDCs) and local developers that build affordable housing and provide social and community services for underserved communities. Founded on the firm conviction that low-income communities can sustain debt, the BCLF makes loans that enhance and stabilize these communities

Other CRA Investments

Green Affordable Housing- In September of 2008, State Street invested in this credit enhancement fund created for the sole purpose of facilitating alternative energy, particularly solar for hot water and electricity generation, and conservation improvements at existing Massachusetts affordable housing developments. State Street has invested a combined \$5,000,000 into this fund which is managed by the Boston non-profit Boston Community Capital (BCC). As of the exam date, this program has now reached 1,873 affordable housing units.

Corporate Grants

State Street Foundation (SSF) is a nonprofit, charitable trust that provides grants to various organizations in the Boston area. Most of the organizations that received foundation grants provide community services as defined by the regulation or have instituted programs targeting low- or moderate-income persons or geographies. Such qualifying services include community-based childcare, health care, education, and social services. During the review period, State Street awarded corporate grants totaling \$19,853,870 (including commitments) to numerous organizations within its assessment area. Approximately, \$16,539,120 or 83.3 percent of the grants was deemed qualified.

Matching Gifts Program

State Street Foundation also provides matching gifts of employee donations to non-profits up to \$5,000 annually. During the review period, State Street matched \$292,919 in qualified employee donations located in its assessment area.

Corporate Sponsorship of Nonprofit Fundraisers

During the examination period, State Street provided financial support to nonprofits in the form of sponsorship of fundraising events. The total amount of sponsorships of CRA eligible organizations, or grant equivalent amount for the examination period is \$2,800,000.

Representative samples of the organizations that have benefitted from State Street's support are detailed below:

Boston Rescue Mission- The Boston Rescue Mission, established in 1899, has been caring for people who are poor and homeless for more than 110 years. They strive to create a healing community where the poor are nourished, lives at risk are transformed and homelessness is both prevented and ended.

Cradles to Crayons- Cradles to Crayons provides children from birth through age 12 living in homeless or low-income situations, with the essential items they need to thrive-at home, at school, and at play. They supply these items free of charge by engaging and connecting communities that have with communities that need.

Crittenton Women's Union Inc.- This social service provider serves approximately 1,300 low-income individuals annually, including women and their families, teens, and young adults. The goal of this organization is to transform the course of these women's lives so that they can attain economic independence and create better futures for themselves and their families. This is accomplished through multiple programs that provide safe housing, caring supports, education and various job training programs.

Fenway CDC- The Fenway Community Development Corporation builds and preserves affordable housing and champions local projects that engage the entire Fenway community in protecting the neighborhood's economic and racial diversity as well as its long term vibrancy.

HomeStart Inc- Founded on the principle that every person deserves a decent place to live, HomeStart provides the crucial next step to ending the cycle of homelessness by working to assist individuals and families move from shelters to permanent housing.

Horizons for Homeless Children- Horizons for Homeless Children is a nonprofit organization dedicated to improving the lives of young homeless children and their families by ensuring that they are prepared for school success. We provide high quality early education, opportunities for play, and comprehensive family support services

Metropolitan Boston Housing Partnership- The Metropolitan Boston Housing Partnership helps individuals and families find and retain affordable housing. They are the state's largest regional provider of rental voucher assistance, serving homeless, elderly, disabled, and low and moderate-income residents of Boston and 29 surrounding communities.

Rosie's Place- This non-profit organization provides a safe and nurturing environment for poor and homeless women to maintain their dignity, seek opportunity, and find security in their lives. They are able to do this through a number of programs such as women's education, permanent and short term housing, groceries and advocacy, among many others.

United Way- State Street has been a huge supporter of this social service agency that looks to combat poverty and end homelessness. In addition to its regular support, the Bank has provided corporate gift and matching gift support to this organization during the evaluation period

Women's Lunch Place Inc.- The Women's Lunch Place provides a safe, comfortable daytime shelter, nutritious food, and services for women who are homeless or poor. We treat women with dignity and respect and foster a community committed to meeting each woman's needs.

COMMUNITY DEVELOPMENT SERVICES

Community development services are defined as activities in which the institution or its staff provides services or technical expertise with a primary purpose of community development. State Street maintained a good level of involvement in community development service activities since the last examination. Detailed below are the community development services provided by State Street:

a) Technical Expertise

The Bank's officers and directors are active participants in civic, charitable, and non-profit organizations. Bank officers have provided their financial expertise through positions on boards or committees of organizations with a primary purpose of community development. The following are examples of some of the positions held by Bank personnel during the review period:

Career Collaborative

State Street's Senior Vice President is a Board Member of Career Collaborative. This organization helps low-income adults learn the skills to find jobs, maintain their jobs, and make career progress to end the cycle of poverty. They are able to do this by providing consistent contact, job coaching, and help in clarifying and achieving their career goals for at least two years after their initial job placement.

Greater Boston Legal Services (GBLS)

A State Street Executive Vice President and General Counsel is a Board member of the GBLS. The GBLS provides high quality legal representation in civil matters to low-income individuals and families by assisting with individual client needs as well as systemic problems. The organization also gives advice and represents individuals in court, before agencies, and before city councils and the state legislature. GBLS, the oldest and largest legal services program in New England, is considered a national leader for its legal work.

HomeStart

An Executive Vice President is a Board Member of this organization that was founded on the principle that every person deserves a decent place to live. HomeStart provides the crucial next step to ending the cycle of homelessness by working to assist individuals and families move from shelters to permanent housing. HomeStart advocates provide support and compassion as they help walk clients through the difficult process of moving from shelters to permanent housing. After securing housing, HomeStart continues to help each participant re-integrate into their community by providing support services such as money management programs and life skills training.

Massachusetts Housing Investment Corporation (MHIC)

A State Street Vice President is a Board member of the MHIC. MHIC is a nonprofit corporation established to support the development of affordable housing throughout Massachusetts. Since MHIC's inception in 1990, State Street has provided technical expertise and leadership to this organization.

Metropolitan Boston Housing Partnership (MBHP)

MBHP is a nonprofit organization whose purpose is to convene and provide leadership for community-based organizations involved in developing and advocating programs that meet the shelter needs of low- or moderate-income neighborhoods in Metropolitan Boston. MBHP helps organizations working in low-income communities to be more effective through a combination of technical assistance, direct training, program advocacy and information and resource training.

MBHP is also the state's largest regional provider of rental housing voucher assistance, serving homeless, elderly, disabled, and low-income individuals and families in Boston and 32 surrounding communities. A State Street Executive Vice President is a member of the Board.

Project Bread

The State Street Executive Vice President and Chief Legal Officer serves as a member of the Board to Project Bread. This organization is Massachusetts' leading anti-hunger organization which is dedicated to alleviating, preventing, and ultimately ending hunger in Massachusetts. Their largest avenue of action, the Walk for Hunger, is the oldest continual pledge walk in the country and raises several millions of dollars towards funds which support food programs statewide.

Squashbusters

An Executive Vice President of State Street serves on the Board of this sports-based after-school program located in Boston and Lawrence. This organization uses the sport of squash, in combination with academic enrichment/homework tutoring, community service, school counseling and placement, and summer opportunities to improve the lives of Boston and Lawrence youth.

St. Mary's Center for Women and Children

A State Street Executive Vice President serves on the Board of this organization that offers innovative and family-centered programs for women and children who have experienced trauma and are living in poverty. Located in Upham's Corner in Dorchester, the Center supports 500 women and children annually with shelter, clinical and education services, job training, employment placement, and the search for affordable permanent housing.

Urban League of Eastern Massachusetts

The Executive Vice President and Director of Community Affairs is the Chairman Emeritus of the Urban League of Eastern Massachusetts (ULEM). Additionally, another State Street Executive Vice President is a member of the Board. ULEM is an interracial, non-profit, community-based organization that serves and supports low- or moderate-income residents of Greater Boston. ULEM provides direct service education programs through collaboration with the Boston Public Schools. Its core clients are low-income African American men and women.

Women's Lunch Place

A State Street Executive Vice President is a Board member of the Women's Lunch Place. This organization is a daytime shelter where homeless and poor women and children find support, friendship, a nutritious home cooked meal, and a safe haven from the streets.

b) Other Services Activities

Global Outreach Volunteer Program

In addition to Senior Management's activities, State Street operates a companywide employee volunteer program that facilitates the service activities of their employees worldwide. A Community Affairs Officer is responsible for managing the greater Boston Global Outreach program. All employees are provided 2 paid days off for volunteer activities.

State Street's employees routinely provide their technical and financial expertise to the following organizations: Earned Income Tax Credit Program, Nonprofit Board Training, Junior Achievement, and projects organized through the Corporate Volunteer Network, the partnership with Common Impact. Combined, 339 State Street employees volunteered 3,534 hours from 2011 and 2012 to these organizations.

The Bank's staff and officers continue to provide their expertise to many organizations whose missions, as defined by the CRA regulation, primarily fulfill a community development purpose, including affordable housing, economic development and/or stabilization/revitalization of low- and moderate-income neighborhoods and social services targeted to low- and moderate-income people.

Meeting Space Donated

State Street made available meeting space to 7 non-profits during the review period for a total value of \$153,379.

RESPONSIVENESS / INNOVATIVE ACTIVITIES

State Street has taken a leadership role in meeting the most immediate and long term needs of its community. As evidenced by the Bank's level of community development activity, State Street demonstrates a high degree of responsiveness and clear commitment to its community by addressing the most pressing needs of affordable housing and small business growth and development.

Qualified investments through the MHEF and SBICs also made a significant impact in the Bank's assessment area as they provided additional units of affordable housing and needed capital to small businesses, addressing an immediate need in the community. Grants to various organizations also provided community services such as health care, job training, food, and education to low- or moderate-income individuals.

The following illustrates a combination of investment and service activities utilized by State Street to help meet community needs:

Youth Violence Prevention (YVP)- Started in 2007, the YVP was formed to bring together private and public sector funders, experts, and stakeholders to learn, share, and act to better coordinate and increase funding to prevent youth violence in South End/Lower Roxbury, Dudley Square, Grove Hall, Bowdoin/Geneva, and Morton & Norfolk Streets. These five low-income neighborhoods in Boston have been identified as experiencing the highest rates of youth violence. A Youth Violence Prevention Collaborative (Collaborative) was formed in 2009. Members of the Collaborative are organized into three working groups that focus on workforce development, youth services and mentoring, and family and mental health support.

The workforce development program has received significant attention by State Street, with which they helped raise \$1,800,000 in 2011 and 2012 to fill a gap left by state and federal budget cuts. This allowed for the employment of 875 youth hardest hit by poverty and violence in the neighborhoods of Boston. State Street has pioneered this program with over \$2 million in funding over the review period. In 2011, the Bank gave 9 grants for a total of \$1,006,500, followed in 2012 with 8 grants totaling \$1,070,000. Additionally, the Bank has contributed \$700,000 to support the Collaborative's infrastructure.

Ongoing Innovative and Responsive Partnerships

Common Impact – State Street was the lead sponsor and co-designer of the innovative program, the Corporate Volunteer that involved the Boston University School of Management and State Street employees. In 2006, the Corporate Volunteer Network merged with Harbinger Partners to form Common Impact. The combined organization has significantly increased the number of State Street and other corporate volunteers providing non-profits with professional expertise developed and applied in the financial services industry. During the examination period, State Street provided \$120,000 in support of its work. State Street employee volunteers totaled 104, providing 2,086 hours of volunteer time.

Comprehensive Campaign Fund- While the need for capital dollars has increased, the sources for capital funds through the corporate sector in Greater Boston has decreased. While State Street has traditionally funded capital grants on a limited basis, given the increased need for capital funding, the State Street Foundation formalized a Comprehensive Campaign Fund. The fund provides large scale impact grants to charitable organizations in need of capital support by directing a portion of the grant to capital and a portion to program support. During the exam period, State Street made four comprehensive grants for a total of \$650,000.

Housing First- An emerging movement in ending homelessness, "Housing First" is an alternative to the current system of emergency shelter/transitional housing, which tends to prolong the length of time that individuals and families remain homeless. It is premised on the belief that vulnerable and at-risk homeless individuals and families are more responsive to interventions and social service support after they are in their own housing, rather than living in temporary/transitional facilities or housing programs. In an effort to support this approach, State Street has provided a total of \$400,000 to the Housing First initiative, of which \$100,000 was advanced during the exam period.

SkillWorks: Partners for a Productive Workforce- This is a \$15 million public/private partnership among local and national foundations, the City of Boston, and the Commonwealth of Massachusetts designed to systematically and dramatically improve the workforce development system in Massachusetts. *SkillWorks* consists of three integrated components: Workforce Partnerships, Capacity Building, and Public Policy Advocacy. *SkillWorks*' goal is to create a system that helps low-skill, low- and moderate-income residents move to family-sustaining jobs and to help employers find and retain skilled employees.

Since its inception, *SkillWorks* has started to address many of the workforce development needs of Boston and Massachusetts. The *SkillWorks* funded Workshop Partnerships have served over 3,000 job seekers and incumbent workers and over 40 employers. State Street has been a key supporter of this effort having committed a total of \$1,215,000. Of this amount, \$215,000 was pledged during this examination.

Home Funders Collaborative – In 2004, State Street provided a program related investment of \$1 million for a ten-year period to increase the supply of very affordable housing to extremely low-income families in Massachusetts. Home Funders was initiated by a collaborative of local private funders to address the crisis in housing Massachusetts' poorest families by working closely with municipalities, the state and developers. State Street's investment in this innovative community development vehicle is testimony to its spontaneous response to community needs. To date, Home Funders has created 2,726 units with 868 for extremely low-income families. During the examination timeframe, 605 units with 184 for extremely low-income families were created.

Earned Income Tax Credit (EITC) Initiative – Since 2002, State Street has organized employee volunteers to participate in the City of Boston/Internal Revenue Service EITC Initiative. Each year, the City estimates that millions of dollars owed to Boston's working poor under the EITC program goes unclaimed due to a lack of informed tax preparation assistance. The EITC Initiative approach to this problem was to create a partnership with the City, the IRS, and corporate volunteers whereby volunteers could apply their financial skills and receive special IRS training in the EITC and use both to assist low-income residence in the preparation of their federal tax returns. A total of 9 State Street volunteers participated in the program during the exam period, logging 378 hours of volunteer time. The State Street Foundation also provided \$90,000 in grant support to the EITC Coalition during the exam period.

Boston Private Industry Council (PIC) – The Summer Jobs Program annually places low- and moderate-income residents of Boston's neighborhoods in summer jobs among a wide range of Boston's businesses. In the summers of 2011 and 2012, State Street placed 184 and 205 students, respectively, in full-time employment. In addition, the State Street Foundation provided grant support of \$375,000 to PIC for its Pathways to College and Academic Persistence programs.

Citizens Energy Corporation – Since 2000, State Street has led the effort to assist Citizens Energy to raise funds that augment its heating oil program. Citizens provides half price heating oil to low-income households in Massachusetts. The program serves those families that have either exhausted their federal fuel assistance or just missed the cutoff for fuel assistance. The private funds raised go to two goals: increasing the number of families served and helping those who cannot afford even the half price charged by providing the oil free of charge. State Street continued its strong support for Citizens Energy during the examination period by providing a \$600,000 grant.

APPENDIX A

General Definitions

Community Development: (1) Affordable housing including multifamily rental housing for low and moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 CFR 121.802(a)(2) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- or moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set aside requirement remains in place throughout the compliance period, usually 30 years.

Performance Context: The economic and demographic characteristics of a bank's assessment area(s). The following information is considered to help understand the context in which an institution's performance should be evaluated: (1) the economic and demographic characteristics of the assessment area(s); (2) lending, investment, and service opportunities in the assessment area(s); (3) the institution's product offerings and business strategy; (4) the institution's capacity and constraints; (5) the prior performance of the institution, and in appropriate circumstance, the performance of similarly situated institutions; and (6) other relevant information.

Qualified Investments: are defined under the regulation as lawful investments, deposits, membership shares, or grants that have a primary purpose of community development. Such investments may take the form of direct grants to organizations that serve a community development purpose or equity investments in projects or funds designed to meet affordable housing needs or other community development purposes. They may also consist of in-kind contributions of property or services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at State Street Financial Center, 1 Lincoln Street, Boston, MA 02111."

- 4) Provide a copy of its current evaluation to the public, upon request. The institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.